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FISCAL IMPACT STATEMENT

LS 6140

BILL NUMBER: HB 1195

NOTE PREPARED: Mar 31, 2009

BILL AMENDED: Feb 23, 2009

SUBJECT: Requirements for Certain FSSA Contractors.

FIRST AUTHOR: Rep. Crawford

FIRST SPONSOR: Sen. Becker

BILL STATUS: As Passed House

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill requires an employee of a county office of the Division of Family Resources to directly assist any individual who enters the county office and requests assistance in completing an application for a program serviced by the county office, including the Federal Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance to Needy Families (TANF) program, and the Medicaid program.

The bill requires the Office of Medicaid Policy and Planning (OMPP) to require a contractor that assists in the administration of eligibility determinations to do the following: (1) implement a document tracking and verification system; and (2) provide a health care facility with a telephone number and specified assistance.

The bill eliminates the authority of the Division of Family Resources to replace county offices with regional offices. It replaces references to "local office" and "local director" with "county office" and "county director". It also repeals definitions of "local office" and "local director".

The bill also requires that certain contractors for the Division of Family Resources (DFR), OMPP, and the Secretary of Family and Social Services (Secretary) that process eligibility intake information for SNAP, TANF, and the Medicaid program review certain intake statistics and provide that information to the Select Joint Commission on Medicaid Oversight.

Effective Date: Upon Passage; July 1, 2009.

Explanation of State Expenditures: *Summary-* Certain requirements of the bill are already specified by the contract or may be performed within the scope of the contract. The provisions requiring the return of county

office responsibilities and the appointment of a county director will depend on administrative actions. The requirement for document tracking and verification of receipt would require a change order to the contract and the resulting cost would depend on the scope of additional work or service that would be necessary to implement the changes. The Family and Social Services Administration (FSSA) has estimated this provision to require a total of \$19.5M, or \$8.6M in state General Funds. The requirement for the contractor to report to the Select Joint Commission on Medicaid Oversight should be accomplished within the scope of the contract.

Background Information and Additional Details-

Select Joint Commission on Medicaid Oversight: The bill authorizes the Commission to request certain reports and data elements from the contractor in a manner and format defined by the Commission. The Commission is a statutory entity. This provision would be an additional oversight function of the Commission. If the Commission were required to meet more often as a result of this provision of the bill, additional resources may be necessary. However, the budget of the Commission has been specified by the Legislative Council as \$9,500 per interim. During the 2008 interim, the 12-member Commission held four meetings at a cost of \$9,100.

County Offices of the Division of Family Resources: The bill requires that the DFR maintain offices in each county by eliminating a provision that allowed the state to consolidate office operations into regions or districts for increased efficiency and better use of resources. This requirement should have no fiscal impact. The Master Services Contract requires the state to maintain at least one county office in each county and staff that office with at least one state employee for the performance of the applicable state-retained activities. (Section 3.1.1(4).) TANF, Medicaid, and Food Stamps recipients and applicants may receive services from the vendor-operated Help Centers as well as in the remaining 55 state service locations. The state is required to maintain space or use rights for the contractor or a subcontractor to perform applicable services for the county in the state service locations for the duration of the contract.

(Revised) *Direct Client Assistance:* The bill requires that state employees provide direct assistance for applicants who request assistance with the eligibility process. (State employees are also required to conduct face-to-face interviews as a federal requirement of the Food Stamps Program.) The bill specifies that supplying a computer or a telephone to an applicant does not constitute direct assistance. If the bill is interpreted to mean that only state employees are to provide the specified assistance, the state may need to hire additional staff in each of the 108 offices.

However, if the bill is interpreted to mean that a state employee must be available in an office to respond to questions, then FSSA may already be addressing the requirement within the current level of resources. FSSA reported that there are currently 682 state employees and 1,518 contract employees after modernization. Offices remain open in each county for those clients wishing face-to-face assistance. If it is assumed that the current state employees could assist or direct individuals to face-to-face assistance in each office, including by a contractor employee, then no additional staff may be needed. The contract currently requires contractor-operated offices to provide assistance to applicants, including the entry of data for applicants who choose not to use the self-serve options in the modernized counties.

As of March 31, 2009, contractor staffing has been increased with 160 temporary customer care representatives to provide direct assistance.

Regional Office Functions: The bill requires the DFR to reorganize the county offices if the DFR has

consolidated county offices or has otherwise transferred the responsibilities of one or more county offices to a regional office. The contract calls for the vendor to operate 41 local offices, called Help Centers, in 37 counties. IMPACT program services are to be provided only from vendor-operated Help Centers. The bill may require the provision of IMPACT services within the county offices rather than a regional office.

County Directors: The bill also requires the DFR to appoint a county director in each county. The cost of this provision would depend on administrative actions. The bill does not require that the county director be housed in the county office or that the position be full-time. The DFR could appoint existing staff as county directors. The county director's function has been filled on a part-time basis by directors with responsibility for multiple counties in the past. Since that time, the function of the county director as a county appointing authority for the administration of welfare has changed significantly with the creation of the separate Department of Child Services and the assumption of the county welfare levies by the state in HEA1001-2008. Currently, the DFR website shows 8 regional managers and more than 40 eligibility managers responsible for DFR offices in each county and multiple office locations within the most populous counties. Multiple county offices have just two or three state eligibility caseworkers assigned.

Document Tracking and Verification System: The cost of this requirement would depend on the cost of developing a verification system for the receipt of documentation within the specified time frame. The vendor-operated system has specific requirements for the submission of documents that are not submitted with the original application. A bar-coded cover sheet is required for all such submissions to ensure the documentation is correctly filed. Verification of the receipt of documents does not appear to be a requirement of the contract with the exception of the return of original documents and would require a change order to be prepared for the contract. This provision requires that each document received by the contractor be assigned a tracking number and that the arrival of each document be acknowledged within 24 hours with a receipt issued in the same manner in which it was received - by fax, mail, e-mail, or in person. There is no recognition of the fact that applicants may not receive a faxed receipt unless they return to the location of the fax machine used to send the document. The implementation of this provision has been reported by FSSA to require a total of \$19.5 M, or approximately \$8.6 M in state General Funds. FSSA reported that 29 additional clerks would be necessary to process and send the required receipts.

Dedicated Assistance for Health Facilities: The cost of this requirement may be achievable within the scope of the existing contract. The bill requires the vendor to provide a dedicated telephone number for the use of health facilities that is available around the clock and allows for expedited assistance in eligibility determinations and redeterminations. The bill does not define health care facility, so it is unclear what facilities are to be included in the expedited services. The bill requires the vendor to acknowledge receipt of a phone call placed on the dedicated line within 24 hours. The bill also specifies information to be provided regarding the documentation for the application for Medicaid assistance. The vendor's newsletter (the "V-CAN Connector") describes an entry point for V-CAN members serving special needs populations such as Medicaid nursing home patients, Medicaid waivers, and Medicaid disability applications. V-CAN members can submit case-specific enquiries on an e-mail request form directly to the applicable specialist eligibility group at the service center. A response is provided to the request within two business days. Additionally, testimony before the Health Finance Commission indicated that expedited telephone access is currently provided to certain high-volume V-CAN members.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DFR, FSSA.

Local Agencies Affected: Local government-owned hospitals and nursing facilities.

Information Sources: “Master Services Agreement regarding DFR Modernization Project by and between the State of Indiana, acting on behalf of FSSA, and International Business Machines Corporation” and Schedules 3 & 19 at <http://www.in.gov/fssa/2345.htm>., and DFR.

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